

A Practical Framework for the Scaling of Social Enterprise across Developed and Developing Economies

THESIS

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Abstract

Social enterprise is an emerging field focusing on the use of entrepreneurship and earned income to run a business with a social focus and mission. While the idea is certainly not new, academic analysis, coursework, and degree programs are a recent development in this interdisciplinary subject. Prominent research in the field currently focuses on the key traits of a social entrepreneur, case studies for specific countries, and the sectors in which social enterprise develops and thrives. However, very little research has been done on social enterprise as it spans different economies. As social enterprises seek to solve major societal issues, such as poverty, poor education, and lack of empowerment, understanding the most effective growth strategy for social enterprise is key in maximizing impact of the organization. This research will focus on the scalability of social enterprise models that transcend both borders and stages in economic development. Through qualitative case study analysis and review of the current commercial and social enterprise scaling literature and methodology, a framework has been developed for designing social enterprises that seek to scale in a way that they can operate in both developed and developing countries. Key findings show that differences do exist in social enterprise development in different economic situations, and that scalability is a matter of leveraging core competencies that provide economic and social value and understanding and adapting the business model as fit. This framework, designed for social enterprise practitioners, has been validated with case study comparison of social enterprises that operate in both economies. This is significant because the social enterprise sector is expected to grow rapidly over the next decades, thus understanding and implementing scale effectively is imperative for continued success of many social enterprises.

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Fields of Study

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Introduction

Social entrepreneurship has gained notoriety and prestige over the last few decades as a way to address market and social failures with a commercial solution. While using business-type activities to fund a non-profit is not a new idea, as evidenced by the popularity of Girl Scout cookie sales, academic study of social mission-oriented businesses is a relatively new phenomenon. The use of social enterprise has been popular for development projects in both developed and developing countries. Microcredit institutions, such as Grameen bank, are often cited as the epitome of the intersection between social improvement (through poverty reduction, in this case) and profitable, scalable growth. With that being said, social entrepreneurship is a diverse field, and in an academic context is often difficult to define. Gregory Dees, a leader in the sphere of social entrepreneurship, defined it in 1998 as such:

Social entrepreneurs play the role of change agents in the social sector, by:

- Adopting a mission to create and sustain social value (not just private value),
- Recognizing and relentlessly pursuing new opportunities to serve that mission,
- Engaging in a process of continuous innovation, adaptation, and learning,
- Acting boldly without being limited by resources currently in hand, and
- Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created.

Dees definition hits on the major components of social entrepreneurship and enterprises. Social enterprise also has a variety of meanings, but for this research, it will be defined as a socially oriented business, meaning that it uses an earned income source to achieve its impact. Social enterprises exist in many forms throughout the world, with notable examples including Kiva, a peer-to-peer lending platform, Ashoka, a platform and network for social entrepreneurs by social entrepreneurs, and Aurolab, which

produces high-quality, low cost medical supplies, such as sutures and eye glasses, for patients in developing countries.

Often, social entrepreneurs appear to be faced with a distinct choice: develop an enterprise that addresses a need in a developing country or a developed country. Few success stories have been noted that addressed a need in both demographics or have successfully crossed over from one economic region to the other. Most research addressing social entrepreneurship has focused on case studies in one specific country or region as well. In an effort to understand if this is a necessary approach or a result of some development bias, this research will attempt to understand if there is a potential for convergence in the development of social enterprises between developed and developing countries. This will require defining if a distinct difference exists as well as addressing its validity and scope. Finally, a practical model to overcome this difference will be developed in order to improve the efficacy of social enterprise scalability. Drawing on a chapter from *Social Entrepreneurship*, edited by Alex Nicholls, the key idea not to make social enterprise business-like or non-profit-like, but to determine how to make social enterprises be more effective at changing the world (Nicholls 156).

Purpose

The key questions that this research will seek to answer is:

1. *Is there a distinct difference between social enterprise development in developing countries and developed countries?*

2. *If a distinct difference exists, how substantial is the difference between social enterprise development in developing countries and developed countries? Is it a barrier to scale?*
3. *Is there a model that can be used to overcome this difference?*

This research will add value to the sphere of social entrepreneurship in addressing whether a model exists that can provide a solution in both situations, or if the socioeconomic status of the country is a key factor in determining how to develop and scale a social enterprise. The research will also attempt to determine the scope of this difference in an effort to understand the degree of adaptation necessary to develop a model that successfully works in both situations.

Literature Review

Many authors well versed in social entrepreneurship discuss the difficulty in scaling socially oriented companies in a way that allows them to successfully grow and develop, regardless of the economy in which they develop. Scaling a social mission requires a great deal of strategy and understanding of the core mission and organizational structure, something not necessarily recognized by the social entrepreneur. According to *Entrepreneurship in the Social Sector*, the key is understanding what is required to scale the organization, meaning whether the entire organization needs to be replicated or simply a specific program. Another key is understanding the market that is being entered. *Social Entrepreneurship*, a collection edited by Alex Nicholls, a prominent researcher at the Said Centre for Entrepreneurship at Oxford, suggests:

The balance of evidence supports the conclusion that NGO performance remains variable... These variables can be summarized: successful NGO interventions depends on front-line staff making high-quality judgments (about issues faced and possible responses), having the skills and space to put them into practice, and then adapting them as circumstances change (248-249).

This passage suggests that there is indeed a difference in the successfulness of social enterprises based on their understanding of the local economy and target market. Since social enterprises are designed to confront a core issue the entrepreneur recognizes in society, such as poverty, education gaps, lack of empowerment, or a marginalized workforce, it is vital that the entrepreneur understand the core issue in the market in which it plans to expand as well. A commercial entrepreneur is expected to assess and understand the target region, and a social entrepreneur faces no lesser expectation. Indeed, understanding the core causes of the social issue they address is vital to the success of the social enterprise.

The first question a social entrepreneur must ask is what growth truly means for them and their organization. *Social Entrepreneurship* also states, “Social entrepreneurs typically view growth in a strategically different light from commercial entrepreneurs... The drive to scale may not always be relevant. Indeed, maximum impact may be best achieved by staying small and local, deepening rather than broadening activities” (21-22). If the social entrepreneur decides that regional growth is an appropriate way to expand their mission and impact, an appropriate growth strategy reflecting this is then required. The entrepreneur is then faced with several opportunities to expand their enterprise, from

strategic partnerships to franchises to new program development. Each of these requires a unique approach and a deep understanding of the way in which the organization creates value in society, something often overlooked by entrepreneurs motivated to simply “Do-Good”.

Entrepreneurship in the Social Sector examines the development of growth strategies for social enterprises. It emphasizes the need for understanding if growth is necessary, and argues that social entrepreneurs be “clear on whether organizational growth is the most efficient, effective, and sustainable approach to achieving increased mission impact,” (260). Further, it outlines the challenges to growth from both a managerial and financial resource standpoint, demonstrating that a new regional social venture is in many ways like a startup company rather than an extension of the parent, requiring new personnel and facing a variety of challenges unique to the society in which it operates (261). Recognition of these challenges in managing growth is vital to the social enterprise, the authors maintain, “Poorly managed growth can detract from an organization’s ability to create greater social impact over the long term or, worse, can even threaten the viability of the social enterprise itself,” (259). For managing growth strategically, they suggest this process:

- a. Determine what part of the organization, specifically, is required to grow, particularly the core competencies and value created by the organization.
- b. Identify a strategy for spreading along a spectrum of options, such as:
 - i. Dissemination – package and distribute knowledge for others to adopt.
 - ii. Affiliation – coalition or networked organization, similar to franchising.

- iii. Branching – closely managed network of branches.

This demonstrates that growth, even in a social enterprise, needs to be approached strategically to ensure effective distribution of resources. Thus, understanding the core components of the program that the enterprise seeks to grow is vital to selecting a scaling model and ensuring successful growth.

From the commercial growth literature, several topics, such as globalization and strategic growth, provide insight into international organization management. In terms of globalization of an enterprise, *From Local Champions to Global Masters* by Paul Verdin and Nick Van Heck argues the key characteristic of global corporations is standardization; a uniform brand, marketing, product, and price, like iconic Coca-Cola, is necessary to tap into the global market (7). They further posit that internationalization is a strategic objective which has a direct, quantifiable result. According to the authors, "Internationalization is in many ways strategic: it is about the long term, it requires significant investments and commitments, it is hard to reverse and it has potentially a huge impact on the future success of a company" (27-28). For commercial entities, they developed a framework to analyze the benefits of internationalization: *cost advantages (co)*, *network benefits (ne)*, and *learning opportunities (learn)*, or the *Conelearn* framework (59). These three areas suggest that a core competency and standardized product or service are the optimal product for an international market. The caveat to this though, they suggest, is the need to understand and adapt to local market preferences if necessary (72). The final strategic decision of the globalizing firm is entry mode. A table of common entry modes is in Appendix A. The authors approach these modes with

commercial intent, but much of the same principles could be applied to social enterprise growth.

Methodology

The primary basis for this research will be case studies of social enterprises. Previous research analyzes case studies that have been categorized and investigated for common themes, mistakes, issue addressed (such as poverty, medical care, or food insecurity), and location of enterprise. From comparison of a broad basis of case studies and their experience in developed and developing countries, the first research question will be answered. If a difference does indeed exist after the analysis, the case studies will then be reviewed in order to determine its scope and investigate potential explanations for its existence. Lastly a model will be developed as a method to address this as an opportunity and prepare social entrepreneurs to overcome this difference as an obstacle.

Findings and Discussion

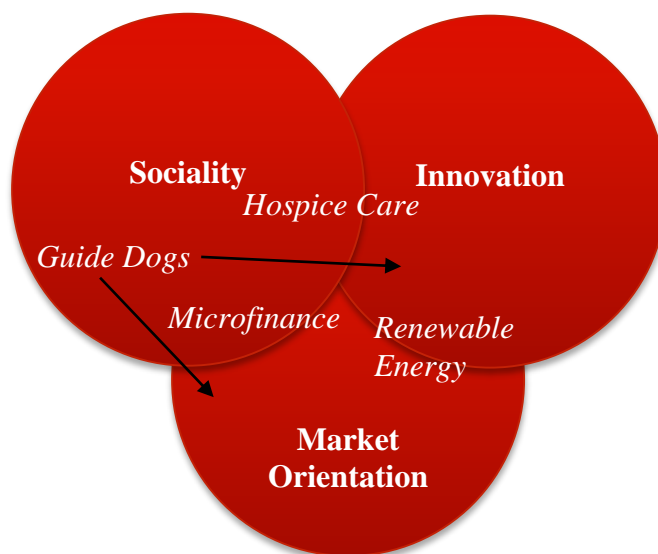
Is there a distinct difference between social enterprise development in developing countries and developed countries?

There is substantial research to suggest that this is indeed the case. A study by Johns Hopkins collected data on the non-profit sector. The findings, published in 2003, include a breakdown of the sources of cash revenue for non-profits by regions. One of the key findings is that earned income is much higher as a percentage of revenue in developing and transitional countries, at an average of 62%, than in developed countries, where it only comprised 45% on average (*Entrepreneurship in the Social Sector*, 135).

This demonstrates that there is a distinction between the usage of social enterprise methods in developed and developing economies.

Further analysis in *Social Entrepreneurship: New Models of Sustainable Social Change*, a collection of different analyses and aspects of social entrepreneurship edited by Alex Nicholls, a prominent researcher, provides a model for different dimensions of social entrepreneurship and examples, which is shown in Figure 1. The three key components to social entrepreneurship, the authors argue, are sociality, market orientation, and innovation. Sociality is defined as, “The extent to which an organization intentionally and effectively pursues the advancement of social objectives,” (101). Innovation is imperative, they add, because social entrepreneurs are “disruptive in their approach, pioneering, and entrepreneurial,” (102). Lastly, market orientation is a key aspect because it “involves the rationalized search for financial returns,” (102).

Figure 1: Dimensions of Social Entrepreneurship, by Alex Nicholls (from page 103)



These key components of social entrepreneurship suggest, then, that there is variation in the development of social entrepreneurship in terms of the arena in which it operates. As evidenced by the examples, some areas are more market and sociality oriented, such as microfinance, while others are more innovative, such as hospice care. This suggests that there could very well be regional differences in the development of social entrepreneurship since some regions may place a stronger emphasis on one of these dimensions over another. Additional analysis in Nicholls suggests:

In the developing world, social entrepreneurs often create social welfare, education, and development services in the absence of a state infrastructure or in the face of a state that is widely viewed as corrupt and untrustworthy. In much of the developed world, especially in Europe and parts of Asia, social entrepreneurs operate in a welfare landscape in which the state is a leading player, which thus limits the scope for entrepreneurial entrants. (Nicholls 242)

This hypothesis shows that there does appear to be a difference in the approach and opportunities for social enterprise in different types of economies. Building on this, Janelle A. Kerlin argues in her 2009 book, *Social Enterprise*, and 2010 article "A Comparative Analysis of the Global Emergence of Social Enterprise" that a regional difference in development does indeed exist. She provides an analysis of global social enterprise development in several regions. Her book includes chapters written by local practitioners and academics in a variety of regions: Western Europe, East-Central Europe, Southeast Asia, the United States, Zimbabwe and Zambia, Argentina, and Japan (2). The diversity of responses, both in terms of definition of social enterprise and in implementation within these countries, provides strong evidence that there is a variety of differences in the regional development of social enterprise implementation and practice.

Kerlin's 2010 article, "A Comparative Analysis of the Global Emergence of Social Enterprise" examines the seven regions and summarizes the key differences and factors facing social enterprise development. Appendix B shows selected tables from the article. Kerlin's key conclusion is, "There are important regional differences in what the term [social enterprise] means, and how it is supported and developed... Importantly, social enterprise appears to draw on those dominant socioeconomic factors that offer the most strength in a given region or country," (177). Further analysis of these differences will be explained later in this research, but this article provides strong evidence of the unique aspects of each region.

If a distinct difference exists, how large is it in scope between social enterprise development in developing countries and developed countries?

Based on previous research, it is evident that a distinct difference does exist in the regional emergence of social enterprise. Kerlin 2010 uses social origins theory, studied in research by Salamon, et al. to suggest that the variation in non-profit sectors exists as a result of the context of the society in which it originates. Working from this, Kerlin develops a model for how social enterprise sits in society in each of the regions studied earlier. Analyzing variables that affect social enterprise development, such as outcome emphasis, focus, and strategic development support base, Kerlin developed a comparison charts, shown in Appendix B. Based on these comparisons, Kerlin concludes that social enterprise is shaped in each region by the context in which it develops, which leads to regional variation in the models utilized.

Nicholls emphasizes the challenges facing social entrepreneurs, arguing that the barriers remain very rudimentary – inadequate legal forms, fair tax rules, political corruption, and violence. Supporting development, he suggests, requires removing barriers and providing enablers that may be absent, such as financing (Nicholls, 76-82). These barriers are prominent, particularly in developing and transitioning economies, so it makes sense that they would provide a challenge to social enterprises operating in that environment. However, a key element of social enterprise is social innovation – so these perceived ‘barriers’ may in fact be opportunities for social enterprise in a way.

Another analysis in Nicholls book by Dart 2004 uses the sociological principle of legitimacy to understand the emergence of social enterprise, suggesting:

Dart (2004:420) employed notions of that legitimacy from new institutional theory to show that the development of social enterprise and social entrepreneurship has taken place, not because it offers a more effective way of meeting social needs, but rather because it is a more morally legitimate form where being ‘business-like’ is societies’ preferred method of problem solving and organizing. (Nicholls, 138)

As evidenced from this passage, we can see that power of social enterprise comes from the society in which it operates – does the society license business to operate, and is that the preferred method of social organization? Social enterprise, then, can only create value if it acceptable and favored by the culture in which it enters, something a social entrepreneur must be acutely aware of in order to achieve impact in scaling an enterprise.

Is there a model that can be used to overcome this gap?

From a strategic growth standpoint, we can see several key characteristics for successful enterprise growth:

- Recognition of core competency and scalable benefits
- Recognition of market for which core competency provides value
- Understanding of new market and entry strategy
- Exploitation and standardization of core process
- Proper management of strategic entry process

From a social origins/ regional social enterprise model standpoint, we can see the following characteristics:

- Understanding of social enterprise development and basis in the region
- Alignment with social enterprise model
- Problem exists that social enterprise's core competency answers

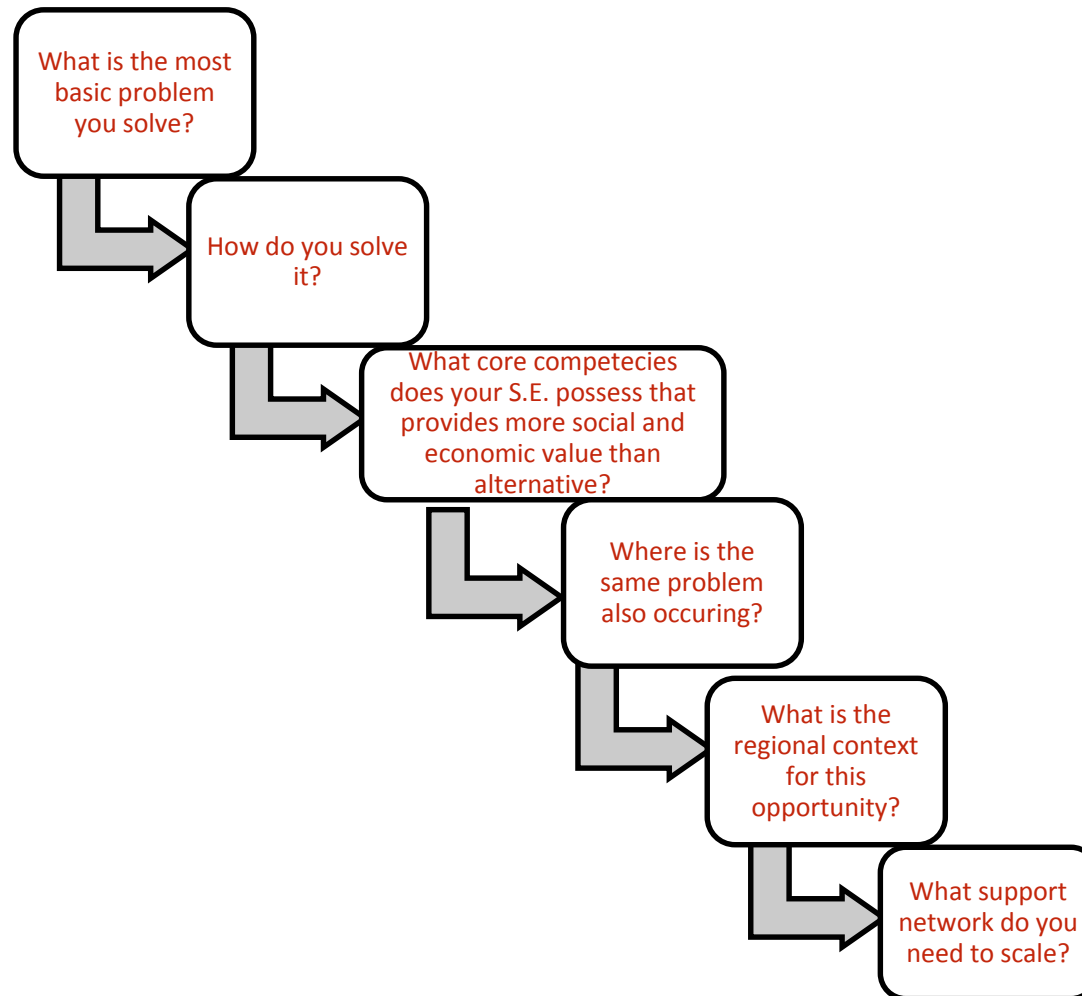
Weber, Kroeger, and Lambrich analyzed the scaling of social enterprise and developed a theoretical model for scalability. This model, Appendix C, suggests that commitment, management competence, replicability of the operational model, identification of social demands, resource availability, effectiveness scaling with others, and adaptability (Weber 128). This model provides great theoretical insight on the scalability of social enterprise, particularly in terms of determining the best operational model by which to scale, such as capacity building, dissemination of knowledge, an ongoing partnership, or adjacent moves. The model brings up some important basic assumptions and provides a good starting point for further empirical research. However, practitioners might benefit from

something more actionable and there are elements, particularly in scaling across economies and regional context, which the Weber, Kroeger, and Lambrich model appears to overlook.

Utilizing these key elements, it would appear that the orientation of these in a practical framework is vital to the successfulness of scaling. Some additional elements are regional context, the core competency of the organization, and the appropriate problem and solution alignment. Graphically, the practical framework, shown in Figure 2, represents a process for a social entrepreneur or leaders of a social enterprise to go through as they scale their organization. Important assumptions behind this framework are an effective operational model and management commitment and competence within the organization. For case analysis of each step of the framework, please see Appendix D, which compares the framework to three social enterprises with international scale: Soles4Souls, Aspire FG, and Habitat for Humanity.

Figure 2: Framework for Regional Expansion of Social Enterprise

How to most effectively change the world



This practical framework begins with an understanding of the problem the social enterprise seeks to solve. This requires the entrepreneur to analyze and truly understand the role their social enterprise plays in society. Do they seek to eradicate poverty, basic medical problems, food security, education, or another core issue in society? For instance, Habitat for Humanity confronts the issue of inadequate housing in the United States. Identifying the fundamental challenge the social enterprise confronts is key to success because it sets the stage for understanding where and in what context the problem also exists. As much of the literature demonstrated, growth is a strategic objective, so a strong understanding of the way in which the social enterprise addresses a social problem to create social and economic value is imperative to understanding if growth is necessary and valuable to the success of the organization.

With that said, the next key step in the framework is to understand how the social enterprise is solving the problem. In other words, what does the enterprise do to create social and economic value? For instance, Soles4Souls utilizes a microenterprise framework by empowering local entrepreneurs and providing product for them to sell. A strong understanding of what social problem the social enterprise addresses and how it addresses it can be beneficial in attracting resources and selling the social mission – indeed *Entrepreneurship in the Social Sector* suggests that social entrepreneurs “Must have a strong reputation that engenders trust among contributors and a commitment to invest in the social enterprise and its mission” (12). Recognition of the way in which the social enterprise creates value allows for it to decide which aspects of its programs are necessary for scale.

The next key step in the scalability of social enterprise is recognizing the core competencies of the organization – the things the social enterprise does to create and capture value. Because of the nature of social enterprise, these are not necessarily costly to imitate, as they would be for a commercial enterprise, but they do have a social and economic value proposition that they are organized to capture and that they use to provide unique value to their customers. Soles4Souls, for example, leverages their logistical network for the collection of used shoes and distribution throughout developing countries to keep its costs down. The social enterprise's core competency, be it lending small loans or a highly effective supply or distribution network, must be leveraged in order to achieve the solution to the problem it seeks to solve. In other words, the social enterprise activity is at the core of its approach to the social problem it seeks to address. This, combined with the problem and solution alignment and an understanding of regional context, allows the social entrepreneur greater influence in approaching the new market it seeks to enter. Even if the service offered in the new market is adapted from the model in the original market, making effective use of the core strength of the social enterprise is a key element of scaling impact.

The next step – where is this problem also occurring? In order for a social enterprise to achieve its social mission, the problem it seeks to address must be properly addressed by its solution. Since many of the problems social entrepreneurs seek to solve, such as poverty and lack of empowerment, are deep rooted in broken systems and highly intertwined with other elements of society, it is vital that the problem the social enterprise addresses either stems from the same root causes in the original and expansionary region,

or that the social enterprise adapts its model in order to address the core causes affecting each region. For a commercial entrepreneur, this could be performed through test markets to ensure the customer is willing to pay for the product. For social entrepreneurs, a fish-bone/root cause analysis may be the most effective way in comparing the regional problems and if their solutions align.

After identifying a potential region for entry, the social entrepreneur should research the regional context in which social enterprises operate within the new region. Based on Social Origins Theory and Kerlin's further analysis, an understanding of the regional context in which the social enterprise is to be placed is vital to its success. This means an understanding of the social, political, and economic variables that would affect the market outcome and viability of any enterprise. It also means understanding where social enterprise lies within the region, what it is most commonly used to achieve, and how it is most often funded, elements which affect social entrepreneurs far more than a commercial entrepreneur.

The final step in the framework is to determine if and what support network is necessary to achieve scale in another region. Should you partner with a firm, non-profit, or other social enterprise? Or, do you need to start entirely from scratch? Is there a way to blend your impact with that of another firm through combined programs or advertising? All of these provide opportunities for the entering firm to gather resources and create value without necessarily expending substantial repetitive resources.

Summary, Conclusions, and Recommendations

In summary, this research has sought to expand on the understanding of social enterprise and international scalability with economic variation. The findings have shown that scale does appear to be possible, but success is dependent on recognition of an appropriate opportunity for the social enterprise, leveraging of core competencies to create synergy, and strategic entrance within the target region with the aid of a support network. The key is to understand the context in which major societal problems develop and persist and if the remedy created by the social enterprise is relevant to the context. This may not always be the case. Several examples have shown where expansion can be unsuccessful and result in a loss of resources to the social enterprise, which may have benefitted from investing those resources in another operation of the firm. For example, Soles4Souls sought to expand into the United States in providing a microenterprise program for veterans to collect shoes, but this has not proven to be successful. With the recognition that many social enterprise practitioners do not have a business or commercial background, this framework seeks to provide a simplified process by which social entrepreneurs can understand if international scale is an appropriate step for their organization. The diversity of practical approaches to social enterprise throughout the world also demonstrates that today's social problems stem from a variety of inextricable causes, so a systematic approach is necessary for understanding how to confront them with a market oriented approach.

In moving forward with this framework, further analysis with case studies of scaling organizations is necessary to validate the assumptions. Additional testing of the

framework by organizations that are moving to scale is also vital to assessing the significance of each step. Eventually, data collection and quantitative analysis of the model will be key in developing the foundation for further research in the scalability of social enterprise. This will help to determine the statistically significant variables and limitations of the framework.

Significance and Outcomes

This research is significant in that it provides a framework for practitioners to recognize the way in which they create value and the most effective way in which to scale their organization in order to create sustainable value. It adds to the developing literature on social enterprise in increasing awareness about the field of social enterprise and in providing a model in which to continue further research. The significant finding of this research is that there is a regional difference in the development of social enterprise but that this can be overcome with proper strategic management of the implementation process. This process includes leveraging the core competencies of the organization, be they business or social, to scale impact and social value creation. As many social entrepreneurs do not have advanced training in business and scaling strategy, this framework has been developed in order to provide a practical implementation strategy in order for social entrepreneurs to develop organizations to scale, and thus *be more effective at changing the world*.

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Appendices

Appendix A

Table 1: Some Commonly accepted advantages and disadvantages of different entry modes

From Local Champions to Global Masters (Page 112)		
Mode (including Definition)	Advantages	Disadvantages
Export: to supply foreign demand from home production	<ul style="list-style-type: none"> • Little or no investment required • International learning experience at low cost 	<ul style="list-style-type: none"> • Cost of transportation • Possible trade barriers
Licensing/Franchising: to grant an independent foreign firm the use of an intangible property, a trademark or other asset, for an agreed-on compensation	<ul style="list-style-type: none"> • Licensee/franchise takes the political and economic risk • Requires little time, resources and knowledge about market 	<ul style="list-style-type: none"> • Dependence on licensee/franchisee • Risk of creating a competitor
FDI (greenfield): to establish from scratch an operation that you own entirely in a foreign country	<ul style="list-style-type: none"> • Signal to customer and other stakeholders • Cost savings in transportation or production 	<ul style="list-style-type: none"> • Investment cost • Requires more time, resources and knowledge about market • Management control of foreign operations • Possible unfavorable government policy
Cross-border M&A: to establish a wholly owned affiliate by acquiring (or merging with) an existing firm in a foreign market	<ul style="list-style-type: none"> • Quick access to market 	<ul style="list-style-type: none"> • Difficult to find the right market • Possible unfavorable government policy • Management challenge - potential conflicts
Joint Ventures/Alliances: to invited a foreign company to share stock ownership in your company or a separate unit	<ul style="list-style-type: none"> • Knowledge of a local market is available • Reduced Risk 	<ul style="list-style-type: none"> • Loss of control • Potential conflicts of interest between partners, particularly over time

Appendix B

Table 2: Comparative overview of social enterprise in seven world regions and countries

	Janelle Kerlin						
	United States	Western Europe	Japan	East-Central Europe	Argentina	Zimbabwe & Zambia	Southeast Asia
Outcome Emphasis	Sustainability	Social Benefit	Social/Economic Benefit	Social Benefit	Social/Economic Benefit	Self-sustainability	Sustainable Development
Program Area focus	All nonprofit activities	Human Services/employment	Human Services/employment	Human Services/employment	Human Services/employment	Employment	Employment/Human Services
Common organizational type	Nonprofit/company	Association/Cooperative	Nonprofit/Company	Association/Cooperative	Cooperative/mutual benefit	Microfinance Institution/ small enterprise	Small Enterprise/ Association
Legal Framework	Under discussion	Developing	Not yet considered	Developing	Not yet considered	Not yet Considered	Not yet considered
Societal Sector	Market Economy	Social Economy	Market Economy	Social Economy	Social Economy	Market Economy	Market Economy
Strategic Development Base	Foundations	Government/EU	Government	International Donors/ EU	Civil Society	International Donors	Mixed

Table 3: The emphasis of social enterprise in four areas: market (M), civil society (CS), state (S), and International Aid

Janelle Kerlin							
	United States	Western Europe	Japan	East-Central Europe	Argentina	Zimbabwe & Zambia	Southeast Asia
Outcome Emphasis	M	CS	CS,M	CS	CS, (M)	M	M
Common organizational type	CS, (M)	CS, (M)	CS,M	CS, (M)	CS, (M)	M	M,CS
Societal Sector	M	CS	M	CS	CS	M	M
Strategic Development Base	M	S	S	I, (S)	CS, (I)	I	I,M,(S)
Social Enterprise Model	Market/ Civil Society	Civil Society/ State	Civil Society/ Market/ State	Civil Society/ Int'l Aid	Civil Society	Market/ Int'l Aid	Market/ Civil Society/ Int'l Aid

Letters appearing in parentheses indicate a less prominent presence of a given area

Appendix C

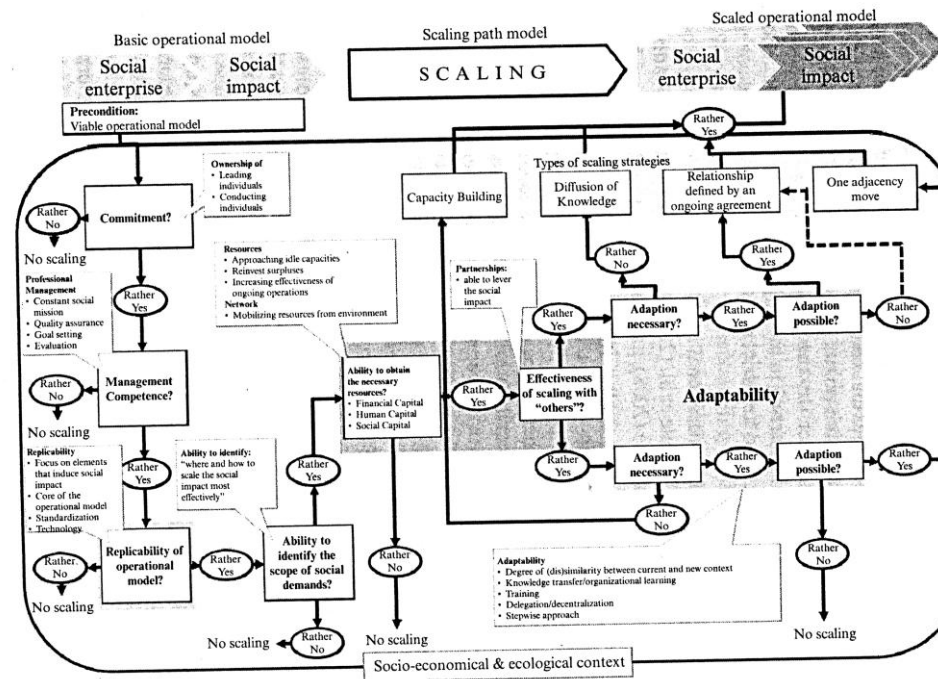


Figure 3.1 The scalability model

Appendix D

Case Study Analysis with Proposed Model

Soles4Souls

Transcript from interview with Buddy Teaster, CEO

1. What problem does your organization solve?

Soles4Souls focuses on the mission of eradicating poverty by 2030.

2. How do you solve this problem?

Soles4Souls provides entrepreneurial opportunity for people, particularly women, in developing countries to sell shoes and clothes out of their home as a source of income. This microenterprise program is successful because Soles4Souls provides the entrepreneurs a high quality product at a better price than competitors. The challenge Soles4Souls faces is the overwhelming demand for product for their micro-entrepreneurs, demonstrating that the entrepreneurs perceive the value of Soles4Souls as a supplier.

3. What core competencies – both business and social (such as a vast logistics network and volunteer engagement) – does your social enterprise use to solve these?

Soles4Souls has a vast volunteer engagement network through its corporate and local shoes drives for product and travel voluntourism program. It continually nurtures this relationship to work on expanding this network as well. Additionally, Soles4Souls has a small but growing network of local partners throughout the world to provide credit, training, and community knowledge to participants in its microenterprise program.

4. Where else does this problem also occur?

Soles4Souls works with a partner in Moldova, called Help the Children, which owns 25 thrift stores and uses the proceeds to fund foster care and create jobs to prevent at risk women from entering the sex trade. As opposed to the microenterprise model with each entrepreneurs having its own business, this partnership works within an existing enterprise in order to effectively use the resources available to each social enterprise.

In recognition that homelessness and unemployment is also an issue in the USA for marginalized groups, and in an effort to increase product availability, Soles4Souls has also worked some in the USA to develop a program with veterans to act as a guaranteed buyer if they collect shoes and clothing to sell. However, this project has faced several challenges as many of the veterans they worked with were not prepared or trained to act as entrepreneurs, which is essentially what the program requires.

5. What is the regional context of that problem?

Moldova emphasizes job creation in its social enterprise context, so it makes sense the partner they work with focuses on this as the goal of its social enterprise, similar to Goodwill in the USA. Because of the prevalence of young women entering the sex trade in Moldova, it is imperative that there is opportunity for them to receive a dignified job and training in order to provide hope a future. While microenterprise works well in the context of developing countries such as Haiti and Honduras, it is important in Moldova to have a more established job and training to provide a support network for the women.

The regional context for the USA is that social enterprise does tend to take on a more market based approach, as in this case. The context is unique, however, as the military and veterans have a very specific culture and skill set separate from that of much of civilian USA, so understanding how they operate and ways in which to motivate them is imperative for success.

6. What support network would you need to scale?

First and foremost, a partner that you can trust is imperative. In each country, Soles4Souls locates different established partners to work with because of their understanding of the local context. This prevents them from having to expend unnecessary resources in gaining cultural understanding and makes it possible to establish impact in the country much quicker than solo entry. In the USA, they needed a partner who understood the US context, but it may have also been beneficial for them to find a partner that worked on establishing job creation for Veterans, because that often has unique challenges and implementation. In Moldova, working with a well-established partner has allowed them to provide resources and support that have a substantial impact without lots of input,

Aspire FG

1. What problem does the organization solve?

Aspire FG approaches the problem of food insecurity and inadequate nutrition by farming insects as a protein source in the United States, Mexico, and Ghana.

2. How does it solve the problem?

Aspire FG produces insects as a commodity product by capitalizing on local taste preferences and knowledge. According to their website, “Our mission is to provide economically challenged, malnourished populations with high protein and micronutrient-rich food solutions derived from the supply and development of insects and insect-based products.”

3. What core competencies – both business and social – does your organization use to solve these?

Aspire FG captures value through its supply network of local farmers that it trains on the commercial production of insects. It is also aided by a vast support network of partners and internationally-known university professors, keen to further empower the citizens of their respective countries. Lastly, Aspire FG localizes production to produce the preferred insects of the region.

4. Where does this problem also occur?

Aspire FG recognizes that malnutrition is not simply a case of food availability, but it also a case of nutritious food availability. The ready availability of packaged items, such as chips and soft drinks, throughout many poverty stricken areas, often dubbed ‘food deserts’, has created a unique situation of undernourishment sometimes

accompanied by obesity, a unique challenge. Additionally, insects provide a more efficient source of protein in terms of inputs required to produce 100g of consumable product than traditional livestock. In developing countries, such as the US market, insects can be used as an alternative, nutritious protein source.

5. What is the regional context of this problem?

In the United States, consumption of insects is not a norm. As such, an insect product would have to be adapted to make it marketable to local tastes. A market-based approach for a consumable food product is appropriate in the regional context. As such, Aspire FG produces crickets at a Texas facility to be ground into a cricket flour for retail and to supply for protein bars/shakes.

6. What support network do you need to scale?

Aspire FG's development as a Hult prize winning student project at McGill University provides access to many academic resources throughout the world, has been vital to finding regional partners well-versed in the local culture and insect preferences. Normally, insects are harvested manually during particular months of the year. Additionally in Mexico, they are often deemed a delicacy, creating a perfect storm of high demand and low supply, and thus are unaffordable to many. With the aid of local researchers, Aspire can determine how to develop a captive farming method for the local insects, making it possible for them to be produced year-round and at a lower cost than the current harvest method.

Habitat for Humanity

1. What problem does the organization solve?

Habitat seeks to end inadequate housing throughout the world.

2. How does it solve the problem?

Habitat utilizes its volunteer engagement and partnerships with financial institutions to provide affordable homes in a variety of countries and neighborhoods. In the USA, for instance, it receives volunteer support as well as corporate and personal donations to subsidize the cost of the home. It also works with financial institutions to secure mortgages for the new owner to pay for part of the home.

3. What core competencies – both business and social – does your organization use to solve these?

Habitat for Humanity has a well-known brand name, strong volunteer engagement, and a valuable network of financial institutions. It leverages these to raise money and labor to construct homes and loans to ensure that non-traditional home-owners are able to receive a loan.

4. Where does this problem also occur?

Inadequate housing is a global issue, occurring in rural and urban environments alike.

5. What is the regional context of this problem?

In many developing countries, such as Guatemala and Honduras, land ownership and tenure is a tumultuous issue for those in poverty. As a result of government corruption and lack of public goods, property deeds can be difficult to come by, or

almost non-existent, creating an additional barrier to homeownership. Homes are also constructed of different materials and smaller than the average home in the US.

6. What support network do you need to scale?

In entering new locations, Habitat must find local financial partners it can trust to provide loans with integrity that share its vision for development. It must also adapt its home design to be constructed with locally available materials and housing preferences. Lastly, it must work through country specific challenges, particularly government corruption and land tenure challenges to ensure sustainable change. In addition to constructing homes, Habitat also often gets involved in public policy advocacy projects as a strategic purpose to influence social change. For example, in Honduras, Habitat works in partnership with several housing authority associations to social housing programs and policies.